

**Wessinger-Hill, JoAnne**

**From:** Wessinger-Hill, JoAnne  
**Sent:** Thursday, March 26, 2020 5:17 PM  
**To:** Samuel J. Wellborn; Knowles, Alex; Bateman, Andrew; fellerbe@robinsongray.com; Huber, Christopher; laurapv@aol.com; John J. Pringle, Jr.; Grube-Lybarker, Carri; jake@mttlaw.com; stefandover@yahoo.com; michael.kendree@yorkcountygov.com; richard@rlwhitt.law; Dover, Becky; Hall, Roger; jim.knowlton@sim.org  
**Cc:** Butler, David; Dong, Randall  
**Subject:** RE: 2019-290-WS  
**Attachments:** Blue Granite Reconciliation for Parties - 7.46% ROE.pdf; Ltr. (CH) 2019-290-WS Adjust Rate Schedule.pdf

**Importance:** High

Dear Counsel and Parties of Record:

Attached is the information requested per the letter of the Office of Regulatory Staff, Christopher Huber, dated March 26, 2020. This email along with the attached information will be filed in the DMS.

With kind regards, I am

Jo Anne Wessinger Hill

**C. Jo Anne Wessinger Hill, Esq.**  
**Legal Counsel to the Commission**  
**Public Service Commission**

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matter. If you have received this communication in error, please immediately notify us by telephone at (803) 896-5100.

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**From:** Butler, David <David.Butler@psc.sc.gov>

**Sent:** Thursday, March 26, 2020 4:27 PM

**To:** Wessinger-Hill, JoAnne <JoAnne.Hill@psc.sc.gov>; Dong, Randall <Randall.Dong@psc.sc.gov>

**Subject:** FW: 2019-290-WS

JoAnne and Randall:

You may want to take a look at this.

David B.

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**From:** Watts, Victoria <[vwatts@ors.sc.gov](mailto:vwatts@ors.sc.gov)>

**Sent:** Thursday, March 26, 2020 3:46 PM

**To:** Samuel Wellborn <[swellborn@robinsongray.com](mailto:swellborn@robinsongray.com)>; [fellerbe@robinsongray.com](mailto:fellerbe@robinsongray.com); Laura P. Valtorta <[laurapv@aol.com](mailto:laurapv@aol.com)>; John J. Pringle, Jr. <[jack.pringle@arlaw.com](mailto:jack.pringle@arlaw.com)>; Grube-Lybarker, Carri <[clybarker@scconsumer.gov](mailto:clybarker@scconsumer.gov)>; [jake@mttlaw.com](mailto:jake@mttlaw.com); [stefandover@yahoo.com](mailto:stefandover@yahoo.com); [michael.kendree@yorkcountygov.com](mailto:michael.kendree@yorkcountygov.com); [richard@rlwhitt.law](mailto:richard@rlwhitt.law); Dover, Becky <[BDover@scconsumer.gov](mailto:BDover@scconsumer.gov)>; Hall, Roger <[RHall@scconsumer.gov](mailto:RHall@scconsumer.gov)>; [jim.knowlton@sim.org](mailto:jim.knowlton@sim.org)

**Cc:** Butler, David <[David.Butler@psc.sc.gov](mailto:David.Butler@psc.sc.gov)>; Huber, Christopher <[chuber@ors.sc.gov](mailto:chuber@ors.sc.gov)>; Bateman, Andrew <[abateman@ors.sc.gov](mailto:abateman@ors.sc.gov)>; Knowles, Alex <[aknowles@ors.sc.gov](mailto:aknowles@ors.sc.gov)>

**Subject:** 2019-290-WS

Attached you will find ORS' letter in the above referenced docket, which was filed with the Commission today.

**BLUE GRANITE WATER COMPANY**  
**OPERATING EXPERIENCE, RATE BASE AND RATE OF RETURN - 7.46% ROE**  
**TEST YEAR ENDED JUNE 30, 2019**

<b>COMBINED OPERATIONS</b>					
Description	(1) Per Books \$	(2) Accounting & Pro Forma Adjustments \$	(3) As Adjusted \$	(4) Effect of Proposed Increase \$	(5) After Proposed Increase \$
<b><u>Operating Revenue:</u></b>					
Service Revenue-Water	11,868,922	280,468	12,149,390	2,176,490	14,325,880
Service Revenue-Sewer	10,929,933	504,321	11,434,254	2,785,194	14,219,448
Miscellaneous Revenue	445,566	4,043	449,609	49,482	499,091
Uncollectibles	(250,471)	(7,644)	(258,115)	(52,318)	(310,433)
<b>Total Operating Revenues</b>	<b>22,993,950</b>	<b>781,188</b>	<b>23,775,138</b>	<b>4,958,848</b>	<b>28,733,986</b>
<b><u>Maintenance Expenses</u></b>					
Salaries and Wages	2,670,783	(1,344,062)	1,326,721	0	1,326,721
Capitalized Time	(333,423)	73,614	(259,809)	0	(259,809)
Purchased Power	771,660	0	771,660	0	771,660
Purchased Water and Sewer	5,266,724	635,765	5,902,489	0	5,902,489
Maintenance and Repair	3,031,412	880,789	3,912,201	0	3,912,201
Maintenance Testing	314,455	(174,416)	140,039	0	140,039
Meter Reading	112,607	(72,815)	39,792	0	39,792
Chemicals	360,819	(99,043)	261,776	0	261,776
Transportation	238,985	(118,674)	120,311	0	120,311
Operating Exp. Charged to Plant	0	0	0	0	0
<b>Total Maintenance Expenses</b>	<b>12,434,022</b>	<b>(218,842)</b>	<b>12,215,180</b>	<b>0</b>	<b>12,215,180</b>
<b><u>General Expenses</u></b>					
Salaries and Wages	871,623	538,807	1,410,430	0	1,410,430
Office Supplies and Other Office Exp	1,980,731	(1,564,724)	416,007	0	416,007
Regulatory Commission Exp	138,293	164,724	303,017	0	303,017
Pension and Other Benefits	779,623	(165,041)	614,582	0	614,582
Rent	97,022	0	97,022	0	97,022
Insurance	348,323	163,371	511,694	0	511,694
Office Utilities	491,952	(98,634)	393,318	0	393,318
Outside Services	1,062,984	(188,889)	874,095	0	874,095
Non-Utility Misc Income	442,691	(442,691)	0	0	0
Miscellaneous	61,301	4,566	65,867	0	65,867
<b>Total General Expenses</b>	<b>6,274,543</b>	<b>(1,588,511)</b>	<b>4,686,032</b>	<b>0</b>	<b>4,686,032</b>
<b><u>Depreciation</u></b>	<b>1,788,412</b>	<b>1,494,488</b>	<b>3,282,900</b>	<b>0</b>	<b>3,282,900</b>
Amortization of CIAC	(406,510)	(538,846)	(945,356)	0	(945,356)
Taxes Other Than Income	3,499,587	166,467	3,666,054	26,423	3,692,477
Income Taxes - Federal	(431,984)	68,529	(363,455)	984,019	620,564
Income Taxes - State	(185,161)	126,416	(58,745)	246,621	187,877
Sale of Utility Property	(20,253)	20,253	0	0	0
Amort. Investment Tax Credit	(8,854)	0	(8,854)	0	(8,854)
Amortization of PAA	(15,713)	0	(15,713)	0	(15,713)
<b>Total Other Expenses</b>	<b>4,219,524</b>	<b>1,337,307</b>	<b>5,556,831</b>	<b>1,257,063</b>	<b>6,813,894</b>
<b>Total Operating Expenses</b>	<b>22,928,089</b>	<b>(470,046)</b>	<b>22,458,043</b>	<b>1,257,063</b>	<b>23,715,106</b>
<b>Net Operating Income</b>	<b>65,861</b>	<b>1,251,234</b>	<b>1,317,095</b>	<b>3,701,785</b>	<b>5,018,880</b>
Customer Growth	0	0	0	78,664	78,664
Interest During Construction	(172,635)	172,635	0	0	0
<b>Net Income For Return</b>	<b>238,496</b>	<b>1,078,599</b>	<b>1,317,095</b>	<b>3,780,449</b>	<b>5,097,544</b>
<b><u>Original Cost Rate Base:</u></b>					
Gross Plant In Service	103,656,698	415,288	104,071,986	0	104,071,986
Accumulated Depreciation	(16,190,845)	3,337,761	(12,853,084)	0	(12,853,084)
Net Plant In Service	87,465,853	3,753,049	91,218,902	0	91,218,902
Deferred Charges	0	7,362,033	7,362,033	0	7,362,033
Cash Working Capital	1,680,231	(305,391)	1,374,840	0	1,374,840
Contributions in Aid of Construction	(20,300,003)	2,205,788	(18,094,215)	0	(18,094,215)
Accumulated Deferred Income Taxes	(3,522,916)	0	(3,522,916)	0	(3,522,916)
Customer Deposits	(334,350)	0	(334,350)	0	(334,350)
Advances in Aid of Construction	0	0	0	0	0
Plant Acquisition Adjustment	(831,277)	0	(831,277)	0	(831,277)
Excess Book Value	0	(464,646)	(464,646)	0	(464,646)
<b>Total Rate Base</b>	<b>64,157,538</b>	<b>12,550,833</b>	<b>76,708,371</b>	<b>0</b>	<b>76,708,371</b>
<b>Return on Rate Base</b>	<b>-0.37%</b>		<b>1.72%</b>		<b>6.65%</b>
<b>Operating Margin After Interest Exp.</b>	<b>-6.91%</b>		<b>-3.17%</b>		<b>10.54%</b>
<b>Return on Equity</b>					<b>7.46%</b>
<b>Interest Expense for Oper. Margin</b>	<b>1,828,315</b>	<b>241,474</b>	<b>2,069,789</b>		<b>2,069,789</b>



**CHRISTOPHER M. HUBER**  
**Deputy General Counsel for ORS**

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1401 Main Street  
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March 26, 2020

**VIA ELECTRONIC FILING**

Jocelyn G. Boyd, Esquire  
Chief Clerk & Administrator  
Public Service Commission of South Carolina  
101 Executive Center Drive, Suite 100  
Columbia, South Carolina 29210

RE: Application of Blue Granite Water Company for Approval to Adjust Rate  
Schedules and Increase Rates – Docket No. 2019-290-WS

Dear Ms. Boyd:

Pursuant to the Commission's Directive issued March 25, 2020, Blue Granite was directed to file alternate rate schedules reflecting the adjustments ordered in the Directive no later than 4:45 p.m. on Monday, March 30, 2020. Any other party also may submit rate schedules consistent with the Directive by the same date and time.

To provide the rate schedules described, ORS asserts a detailed reconciliation, similar to that provided in ORS Proposed Order Exhibit 1, of the Commission's determination of the \$28,733,986 revenue requirement indicated in the Directive would be beneficial to it and the other parties. Without this reconciliation, ORS is unable to propose accurate rate schedules consistent with the Commission's Directive, and ORS's ability to comment on rate schedules other parties submit is severely limited. Accordingly, ORS also respectfully requests an extension to file the requested rate schedules until after the needed additional information is available.

Blue Granite joins in this request, as it has the same concerns ORS expresses in this letter.

Sincerely,

*s/ Chris M. Huber*

Christopher M. Huber

cc: All Parties of Record (via e-mail)  
David Butler, Esquire (via e-mail)